

HOW PROFITABILITY, LIQUIDITY, AND INDEPENDENT BOARD OF COMMISSIONERS INFLUENCE MANUFACTURING FIRM VALUE?

Eva Monica

Faculty of Economics, Universitas Negeri Jakarta, Indonesia

Email: evamonica1210@gmail.com

Achmad Fauzi

Faculty of Economics, Universitas Negeri Jakarta, Indonesia

Email: fau_smart@unj.ac.id

Sri Zulaihati

Faculty of Economics, Universitas Negeri Jakarta, Indonesia

Email: srizulaihati@yahoo.com

ABSTRACT

This study aims to determine whether there is a partial or simultaneous influence of profitability, liquidity, and the independent board of commissioners on the company's value. The research method used in this study is a quantitative method, with secondary data sources consisting of financial reports, financial ratio reports, and corporate governance reports accessible through the website *idx.co.id* and the respective company websites for the research period from December 2020 to December 2022 using purposive sampling technique. The population used in this study consists of 48 companies over 3 periods with a total sample of 117. The data is processed using E-views 12 due to the use of panel data. The results of the study prove that profitability affects the company's value, liquidity does not affect the company's value, the independent board of commissioners affects the company's value, and profitability, liquidity, and the independent board of commissioners together affect the company's value.

Keywords: Profitability, Liquidity, Independent Board of Commissioners, Firm Value

ABSTRAK

Penelitian ini bertujuan untuk mengetahui apakah terdapat pengaruh secara parsial ataupun simultan antara profitabilitas, likuiditas, dan dewan komisaris independen terhadap nilai perusahaan. Metode penelitian yang digunakan dalam penelitian ini adalah metode kuantitatif dengan sumber data yang digunakan adalah data sekunder yang terdiri atas laporan keuangan, laporan rasio keuangan, dan laporan tata kelola perusahaan yang dapat diakses melalui *website idx.co.id* dan *website* masing-masing perusahaan dengan periode penelitian mulai dari Desember 2020 – Desember 2022 menggunakan teknik *purposive sampling*. Populasi yang digunakan pada penelitian ini adalah sebanyak 48 perusahaan selama 3 periode dengan jumlah sampel 117. Data diolah menggunakan E-views 12 lantaran menggunakan data panel. Hasil penelitian membuktikan bahwa profitabilitas berpengaruh terhadap nilai perusahaan, likuiditas tidak berpengaruh terhadap nilai perusahaan, dewan komisaris independen berpengaruh terhadap nilai perusahaan, serta profitabilitas, likuiditas, dan dewan komisaris independen secara bersama-sama berpengaruh terhadap nilai perusahaan.

Kata Kunci: Profitabilitas, Likuiditas, Dewan Komisaris Independen, Nilai Perusahaan

INTRODUCTION

The effects of the Covid-19 pandemic are still evident today. According to the data obtained, the Jakarta Composite Index (IHSG) on the Indonesia Stock Exchange (IDX) reached

its lowest value in March 2020, recording 4,539.00 (BPS Provinsi DKI Jakarta, 2020). As reported by Binemasri (2022), in the first half of 2020, the IHSG declined by 5.29%. The IHSG in Indonesia experienced a substantial drop but gradually rose to 5,979.00 by the end of the year. In 2021, the IHSG saw a significant increase. The lowest value was recorded in January at 5,862.35, and the highest value was in October at 6,591.35. This increase occurred as the Indonesian economy began to recover from the Covid-19 pandemic.

In 2022, the global economy, which serves as a benchmark for Indonesia's economy, experienced a slowdown in growth amid uncertainty (Bank Indonesia, 2022). Numerous upheavals in 2022 also affected the IHSG. In addition to inflation driven by government policies aimed at assisting the Indonesian people during the pandemic, the monetary policy implemented by the Federal Reserve (the Fed), under the chairmanship of Jerome Powell, anticipated future interest rate hikes due to persistent high inflation, far from the 2% target (CNBC, 2022).

When a company's value increases, investor confidence tends to rise as well. As a company's performance improves, its profits increase, benefiting shareholders and subsequently raising the company's value (Wiguna & Yusuf, 2019). A company, as an economic entity, aims to maximize the long-term welfare of its owners. According to Keni & Pangkey (2022), the welfare of a company's owners is reflected in the increasing value of the company. Based on GDP (Gross Domestic Product) data released by the Organization for Economic Co-operation and Development (OECD), Indonesia ranks eighth alongside Argentina, contributing 0.9% to the global GDP. This figure is relatively low compared to Indonesia's GDP in the fourth quarter of 2021, which stood at 3.1%. This position is not considered favorable, as nearly all G20 countries experienced a slowdown in GDP growth in early 2022.

The second factor affecting a company's value is liquidity. When linked to profitability, companies with high profitability are more likely to meet their short-term obligations, also known as liquidity. Companies with higher liquidity tend to exhibit greater growth opportunities, and vice versa. The more liquid a company is, the greater the confidence of creditors and potential investors in investing their funds, thereby enhancing the company's image in the eyes of creditors and potential investors (Hiyun Puspita Sari et al., 2023). The third factor influencing a company's value is corporate management through Good Corporate Governance (GCG). An essential proxy in GCG is the independent board of commissioners. The role of the independent board of commissioners is to balance the decision-making process, as independent board members come from outside the company (Rahmawati, 2021). Independent commissioners in a company play a role in monitoring the company's structure to minimize deviations in business activities. Based on the above explanation, this study aims to determine whether profitability, liquidity, and the independent board of commissioners impact a company's value.

LITERATURE REVIEW

Stakeholder Theory

The stakeholder theory was initially introduced by Freeman in 1984. Philips et al. (2019) define a stakeholder as an individual or group with a vested interest in an activity aimed at achieving the company's objectives. The stakeholder theory posits that a company is responsible not only for creating value for its shareholders but also for considering the interests of its stakeholders. Stakeholders have the capacity to control or influence the utilization of economic resources for the company's performance. Consequently, a company's survival is highly dependent on the support of all its stakeholders (Primacintya, 2022).

Firm Value

Firm value is characterized by the price that potential investors are prepared to offer when considering the acquisition of a company. A strong firm value plays a crucial role in attracting diverse sources of capital, including investors and creditors, thereby enhancing the company's financial standing and growth prospects. According to Riny (2018), firm value is perceived as a reflection of the company's performance and significantly influences the perceptions of creditors and investors who allocate their funds to the company. It can be argued that the primary consideration for investors contemplating investment in a company is the company's value itself (Ali et al., 2021). In this study, firm value is measured using Tobin's Q as a proxy. The formula of Tobin's Q ratio:

$$\text{Tobin's } Q = \frac{MVE + D}{TA}$$

Explanation:

MVE : Market Value of Equity

D : Total Debt

TA : Total Asset

Profitability

Profitability, as discussed by Nurrahman et al., (2010), refers to a ratio used to evaluate a company's management efficiency by measuring how effectively it utilizes its assets to generate profits over a specific period (usually quarterly, semi-annually, etc.). Profitability is a critical factor attracting investors because it indicates the efficiency of a company's management, making shares of profitable companies more appealing to investors (Ningrum, 2022). In this study, profitability is measured using Return on Assets (ROA) as a proxy. According to Nafisah et al. (2023), ROA demonstrates the ability of invested capital in total assets to generate profit for investors. The formula of Return on Asset Ratio:

$$ROA = \frac{\text{Net Profit}}{\text{Asset Total}}$$

Liquidity

The liquidity ratio serves as a pivotal metric for evaluating a company's performance. It measures the company's capability to meet short-term financial obligations and reflects how quickly it can convert assets into cash. Liquidity ratios are vital because they can gauge short-term credit risk and the efficiency of utilizing short-term assets. A higher liquidity ratio signifies that a company is better equipped to meet its short-term liabilities promptly. A company is deemed liquid if its current assets exceed its current liabilities, suggesting good financial health and enhancing credibility with investors (Saputri & Giovanni, 2021). The concept of liquidity dimension reflects the measurement of operational performance concerning how effectively management handles working capital sourced from short-term debt and company cash balances Seto et al., (2023). This research, liquidity is assessed using the current ratio (CR) as a proxy. The formula of Current Ratio:

$$CR = \frac{\text{Current Asset}}{\text{Current Liability}}$$

Independent Board of Commissioners

Independent commissioners are board members who have no affiliations with company executives or significant shareholders and are devoid of business or other associations that could potentially undermine their capacity to act independently. Their presence is intended to

mitigate conflicts among management, investors, and stakeholders because they are external board members unaffected by relationships that could influence their independence or their dedication to acting in the company's best interests (Umam & Ginanjar, 2020). The roles and obligations of independent commissioners are regulated by the General Guidelines on Corporate Governance in Indonesia (PUG-KI) and Financial Services Authority Regulation (OJK) No. 57/POJK.04/2017. According to Financial Services Authority Regulation No. 33/POJK.04/2014, the appointment of independent commissioners mandates that they make up a minimum of thirty percent (30%) of the total board of commissioners in issuers or public companies. Additionally, these commissioners must maintain no affiliation with the company. The formula of proposition independent board of commissioners:

$$IBC = \frac{\text{Number of Independent Commissioners}}{\text{Jnumber of members of the Board of Commissioners}} \times 100\%$$

METHOD

Based on the outlined issues, the interrelationships among variables in this study will be depicted in Figure 1 below. Subsequently, the appropriate hypotheses for this researcu are as follows:

- H1 : Profitability has an effect on firm value
- H2 : Liquidity has an effect on firm value
- H3 : Independent board of commissioners has an effect on firm value
- H4 : Profitability, liquidity, and independent board of commissioners has an effect on firm value

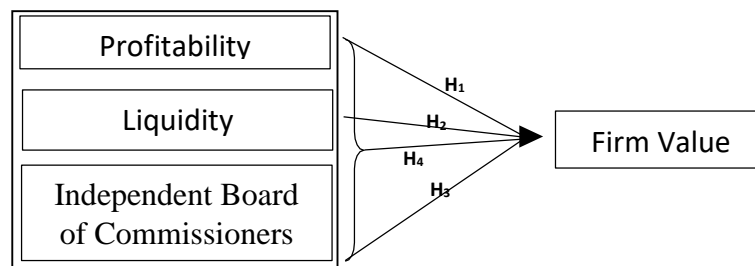


Figure 1. Hypothesis Framework
Source: Data processed (2024)

This research adopts a quantitative approach, utilizing documentation techniques to gather secondary data including photos, charts, diagrams, artworks, and textual sources. The data collected is primarily sourced from financial reports of manufacturing companies, quarterly financial ratios accessed through the Indonesia Stock Exchange (IDX) website, and corporate governance information from company websites, selected based on predefined criteria. The study sample comprises 117 manufacturing companies spanning diverse industrial sectors. The method of analysis employed is regression analysis, facilitated by statistical software tools, specifically E-views 12, suitable for panel data analysis.

RESULTS AND DISCUSSION

Descriptive Statistics

A descriptive statistical analysis was conducted prior to performing multiple regression tests on the study variables to provide information that aids in understanding. The descriptive statistical analysis findings are presented in Table 1, as follows.

Table 1. Descriptive Statistical Analysis Results

	Y	X1	X2	X3
Mean	1.27	3.72	227.38	0.76
Median	0.98	2.62	163.00	0.50
Maximum	5.41	36.36	1176.00	2.00
Minimum	0.36	-24.55	35.00	0.25
Std. Deviasi	0.92	8.15	197.83	0.36

Source: Eviews 12 Output, Data Processed (2024)

Model Testing

This study employs panel data, combining cross-sectional and time series data. According to Ghazi (2018), panel data regression offers several models, including:

Chow Test:

The Chow test is utilized to determine whether the model should be a Common Effect Model (CEM) or a Fixed Effect Model (FEM). The decision criteria for the Chow test are as follows:

1. If Prob. F > significance level 0.05, H0 is accepted, indicating the preference for the Common Effect Model (CEM), followed by conducting the Lagrange Multiplier test.
2. If Prob. F < significance level 0.05, H0 is rejected, indicating the preference for the Fixed Effect Model (FEM), followed by conducting the Hausman test.

The results of the Chow Test are as follows:

Table 2. Chow Test Result

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.613493	(38,74)	0.0000
Cross-section Chi-square	184.579071	38	0.0000

Source: Eviews 12 Output, Data Processed (2024)

Based on the results of the Chow Test, which yielded a p-value of 0.0000 and a Chi-square value indicating significance (less than 0.05), it is concluded that the appropriate regression model is the Fixed Effect Model (FEM). Consequently, the next step involves conducting additional testing, specifically the Hausman Test.

Hausman Test

To determine whether to use the Fixed Effect Model (FEM) or Random Effect Model (REM), the Hausman Test is conducted. The decision criteria for the Hausman Test are as follows:

1. If the Prob. Chi Square value > significance level 0.05, H0 is accepted, suggesting the preference for the Random Effect Model (REM), followed by conducting the Lagrange Multiplier test.
2. If the Prob. Chi Square value < significance level 0.05, H0 is rejected, indicating the preference for the Fixed Effect Model (FEM).

The results of the Hausman Test are as follows:

Table 3. Hausman Test Result

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.026493	3	0.0711

Source: Eviews 12 Output, Data Processed (2024)

Based on the results of the Hausman Test, which yielded a p-value of 0.0711 and a Chi-square value indicating insignificance (greater than 0.05), it is concluded that the appropriate regression model is the Random Effect Model (REM). Consequently, the next step involves conducting further testing, specifically the Lagrange Multiplier (LM) test.

Lagrange Multiplier (LM) Test

The Lagrange Multiplier test is conducted to determine whether the Random Effect Model (REM) is preferable over the Common Effect Model (CEM) in regression analysis of panel data, following the selection of the Random Effect Model (REM) from the Hausman test. The decision criteria for the Lagrange Multiplier test are as follows:

1. If the P Value Bruesch Pagan Both > significance level 0.05, H0 is accepted, suggesting the preference for the Common Effect Model (CEM).
2. If the P Value Bruesch Pagan Both < significance level 0.05, H0 is rejected, indicating the preference for the Random Effect Model (REM).

The results of the Lagrange Multiplier (LM) test are as follows:

Table 4. Lagrange Multiplier (LM) Test Result

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	48.15528 (0.0000)	1.209287 (0.2715)	49.36457 (0.0000)

Source: Eviews 12 Output, Data Processed (2024)

Table 5. Regression Random Effect Model

Dependent Variable: TOBINSQ
Method: Panel EGLS (Cross-section random effects)
Date: 06/13/24 Time: 20:19
Sample: 2020 2022
Periods included: 3
Cross-sections included: 39
Total panel (unbalanced) observations: 116
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.644726	0.550029	1.172167	0.2436
ROA	0.095634	0.038143	2.507264	0.0136
CR	-0.018013	0.103003	-0.174880	0.8615
DKI	0.262184	0.133111	1.969666	0.0513

Effects Specification		S.D.	Rho
Cross-section random		0.481365	0.6975
Idiosyncratic random		0.317022	0.3025

Weighted Statistics			
R-squared	0.072915	Mean dependent var	0.201656
Adjusted R-squared	0.048082	S.D. dependent var	0.331026
S.E. of regression	0.322553	Sum squared resid	11.65256
F-statistic	2.936259	Durbin-Watson stat	1.656597
Prob(F-statistic)	0.036452		

Source: Eviews 12 Output, Data Processed (2024)

Based on the results of the Lagrange Multiplier (LM) test, which yielded a p-value of 0.0000 indicating significance (less than 0.05), it is concluded that the appropriate regression model for this study is the Random Effects Model (REM). Below is an overview of the Random Effects Model (REM) as observed in the Table 5.

Classical Assumption Tests

Normality Test

Based on the results of the normality test conducted using EViews 12, the obtained probability value is 0.101422, which exceeds the significance level of 0.05. Therefore, it is concluded that the data utilized in this study exhibit normal distribution characteristics. Consequently, the researcher can proceed to the next stage of the study.

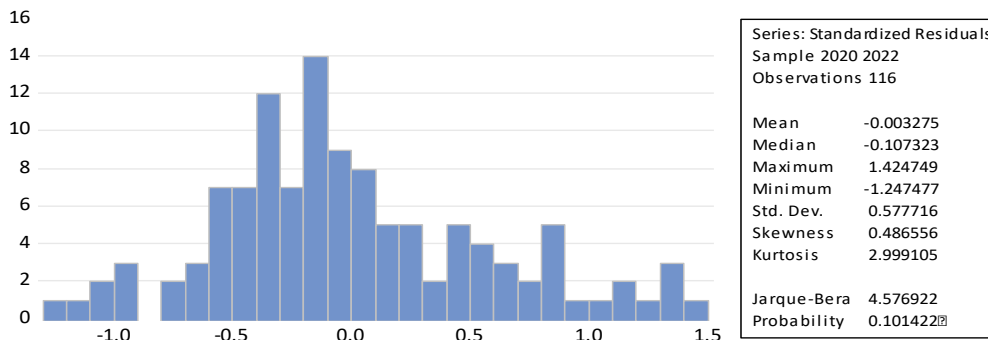


Figure 2. Normality Test Result

Source: Eviews 12 Output, Data Processed (2024)

Multicollinearity Test

According to Firmansyah et al., (2022), multicollinearity arises when the correlation coefficient between independent variables exceeds 0.85. Conversely, if this coefficient is less than 0.85, the panel data is considered free from multicollinearity. The results of this study indicate that all independent variables (Profitability, Liquidity, and Independent Board of Commissioners) exhibit correlations below 0.85. Specifically, the correlations between Profitability and Liquidity, Profitability and Independent Board of Commissioners, as well as Liquidity and Independent Board of Commissioners, are 0.093718, 0.129231, and 0.112869 respectively. Therefore, it can be concluded that multicollinearity is absent among these variables in this study.

Table 6. Multicollinearity Test Result

	X1	X2	X3
X1	1.000000		
X2	0.093718	1.000000	
X3	0.129231	0.112869	1.000000

Source: Eviews 12 Output, Data Processed (2024)

Heteroscedasticity Test and Autocorrelation Test

The selected regression model for this study is the Random Effects Model (REM), which utilizes Generalized Least Squares (GLS) and adheres to the principle of Best Linear Unbiased Estimation (BLUE). This method is effective in addressing violations of assumptions such as heteroskedasticity and autocorrelation. This approach aligns with findings discussed in (Setyawan et al., 2019), where research meeting BLUE criteria can overlook violations in classical assumption tests like heteroskedasticity and autocorrelation. Therefore, based on this analysis, the researcher concludes that this study has passed the classical assumption tests.

Multiple Linear Regression Analysis

Based on Table 5, the multiple linear regression model used in this study is as follows:

$$Y = \alpha + (\beta_1 X_1) + (\beta_2 X_2) + (\beta_3 X_3) + \varepsilon$$

$$Y = 0.64 + (0.10 * X_{1it}) + (-0.02 * X_{2it}) + (0.26 * X_{3it}) + \varepsilon$$

Based on the coefficients provided: The constant (α) is 0.64. This indicates that if the values of profitability, liquidity, and independent board of commissioners are all zero, the company's value is predicted to be 0.64. Coefficient (β_1) is 0.10. This suggests that a 1% decrease or increase in profitability, with other independent variables held constant, influences the company's value by 0.10 units. This coefficient reflects the direct impact of profitability on the company's value. Coefficient (β_2) is -0.02. A 1% decrease in liquidity, with other independent variables held constant, results in a decrease in the company's value by -0.02 units. The negative coefficient implies an inverse relationship between liquidity and the company's value, indicating that lower liquidity levels may negatively impact the company's overall value. Coefficient (β_3) is 0.26. This means that a 1% decrease or increase in the independent board of commissioners, with other independent variables held constant, influences the company's value by 0.26 units. This coefficient indicates the impact of the independent board of commissioners on the company's value, suggesting a positive relationship between the presence of independent commissioners and firm value. These interpretations illustrate how each variable (profitability, liquidity, and independent board of commissioners) impacts the company's value based on the regression model utilized in the study.

Hypothesis Testing

t-test (Partial)

Based on the hypothesis test results from table 5 and the interpretations provided: The coefficient of profitability measured by Return on Assets (ROA) is 0.096 with a probability value of 0.0136. Since the probability value (p-value) is less than 0.05, H1 is accepted. This indicates that profitability (X1) significantly influences the company's value (Y), either positively or negatively. The coefficient of liquidity measured by Current Ratio (CR) is -0.02 with a probability value of 0.8615. With a p-value greater than 0.05, H2 is rejected. This suggests that liquidity (X2) does not significantly affect the company's value (Y). The coefficient of independent board of commissioners is 0.26 with a probability value of 0.0513. Since the probability value is greater than 0.05, H3 is rejected. This indicates that the presence of independent board of commissioners (X3) does not significantly influence the company's value (Y). Therefore, these interpretations reflect the partial influence of each independent variable on the dependent variable based on the results of the t-tests conducted in the study. Specifically, profitability (ROA) shows a significant influence on firm value, while liquidity (CR) and the presence of independent commissioners do not show statistically significant influences based on the criteria set forth.

F-Test

The F-test, also known as the test of simultaneous significance, is necessary to determine whether the independent variables collectively have a significant influence on the dependent variable. The decision criterion for the F-test is that if the probability value (p-value) is greater than 0.05, it indicates that there is a significant simultaneous influence of the independent variables on the dependent variable. Conversely, if the p-value is less than or equal to 0.05, it suggests that there is significant simultaneous influence. Based on the testing conducted and shown in table 5, the probability value or F-statistic is 0.036452, which is smaller than the significance level of 0.05. Therefore, it is concluded that Profitability (X1),

Liquidity (X2), and Independent Board of Commissioners (X3) collectively have a simultaneous influence on Firm Value (Y).

R-squared

Based on the adjusted R-squared value obtained from table 5, which is 0.048082, it can be concluded that approximately 4.8% of the variability in the company's value (dependent variable) is influenced and explained by the independent variables (Profitability, Liquidity, and Independent Board of Commissioners) included in this study. The remaining variability in the company's value is attributed to other factors not accounted for by these independent variables.

Discussion

Based on the analysis of profitability variables measured by Return on Assets (ROA). The coefficient of 0.096 and a probability value of 0.0136 indicate that profitability (ROA) significantly influences the company's value measured by Tobin's Q ratio. This positive coefficient suggests that variations in ROA lead to corresponding increases or decreases in the company's value. Therefore, the researcher's hypothesis, H1: Profitability affects Firm Value, is accepted. This finding supports stakeholder theory, which emphasizes that organizations should consider the interests of all stakeholders, not just shareholders, in their business activities. This conclusion is consistent with findings from previous research by Radja & Artini (2020), Dewi & Abundanti (2019), Firdaus & Tanjung (2022), and Sucuahi & Cambarihan (2016), which also highlight the positive impact of profitability on firm value, aligning with stakeholder theory perspectives.

Based on the analysis of liquidity variables measured by Current Ratio (CR). The coefficient of -0.018 and a probability value of 0.8615 indicate that liquidity (CR) does not significantly influence the company's value measured by Tobin's Q ratio. These results suggest that whether liquidity levels are high or low, they do not directly impact the company's overall value. Therefore, the researcher's hypothesis, H2: Liquidity affects Firm Value, is rejected. This finding contrasts with stakeholder theory, which suggests that strong stakeholder support enhances a company's adaptability and value. This perspective is supported by research conducted by Ndruru et al., (2020), Ariska & Utomo (2021), and Harfani & Nurdiansyah (2021), which indicate that stakeholders consider various factors beyond liquidity alone when evaluating a company's value and making investment decisions.

Based on the analysis of the variable of independent board of commissioners. The coefficient of 0.262 and a probability value of 0.0513 indicate that the independent board of commissioners does not have a statistically significant influence on the company's value measured by Tobin's Q ratio. These results suggest that whether the values of independent board of commissioners are high or low, they do not directly affect the overall value of the company. Therefore, the researcher's hypothesis, H3: Independent Board of Commissioners affects Firm Value, is rejected. This finding contradicts stakeholder theory, which posits that fulfilling stakeholders' rights and maintaining good relationships between company management and stakeholders should increase the company's value. However, empirical evidence from Prima & Cuang (2022), Ariska & Utomo (2021), and Amaliyah & Herwiyanti (2019) also suggests that the relationship between independent board oversight and firm value can be nuanced and context-dependent, which may explain the lack of significant findings in this study.

Based on the F-test results, the probability value (F-statistic) of 0.036 obtained from table 5 is less than the significance level of 0.05. This indicates that profitability, liquidity, and independent board of commissioners collectively and significantly influence the company's value positively. These findings suggest that during the study period, effective management of profitability, liquidity, and the presence of independent board oversight contributed to an

increase in the company's overall value. Therefore, the hypothesis in this study, H4: Profitability, liquidity, and independent board of commissioners affect Firm Value, is accepted. The acceptance of this hypothesis aligns with previous research conducted by Ningrum (2022), Meivinia (2018), and Wiguna & Yusuf (2019), which also found that these factors contribute to enhancing firm value. Regarding the coefficient of determination (adjusted R-squared) of 0.048, it indicates that the combined variation explained by profitability, liquidity, and independent board of commissioners is 4.8%. The remaining variability in firm value is influenced by other factors not included in this study.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the findings from the research phase, the following conclusions can be drawn: Profitability, as measured by Return on Assets (ROA), significantly influences the company's value measured by Tobin's Q ratio. Variations in ROA impact the increase or decrease in the company's value, reflecting its positive effect. However, liquidity, measured by Current Ratio (CR), shows no significant influence on the company's value as indicated by its coefficients and probability values. Similarly, the presence or absence of independent board of commissioners does not affect the company's value measured by Tobin's Q ratio. In summary, while profitability and the effective management of independent board members positively impact firm value in the manufacturing sector across various industries, liquidity does not exhibit a significant influence in this context. These findings underscore the importance of profitability and governance structures in enhancing company value.

Recommendation

Based on the research findings, here are several recommendations for future researchers: Future researchers could consider integrating additional independent variables, such as Corporate Social Responsibility (CSR) metrics, and explore the use of other financial ratios beyond ROA and CR. This approach would offer a more comprehensive and nuanced understanding of company performance and its impact on firm value. Extend Observation Period: Extending the observation period beyond the current timeframe would enhance the validity and consistency of research findings. This would allow for a deeper analysis of trends and patterns over time, providing more robust conclusions regarding the relationships between variables. Broadening the sample scope to include a wider array of manufacturing companies from various sectors within the industry would offer a more holistic view of the conditions affecting firm value. This approach can provide insights into how different sectors within manufacturing respond to variables like profitability, liquidity, and board composition. Incorporate External Factors: Future studies could explore the impact of external factors on corporate value, such as inflation rates, foreign exchange fluctuations, global commodity prices (e.g., coal, oil), and economic indicators. Incorporating these factors can enrich the analysis by capturing broader economic influences on firm performance. By implementing these recommendations, future researchers can enhance the depth and breadth of their studies, contributing to a more comprehensive understanding of the factors influencing firm value in the manufacturing sector.

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